

Scott Township Business Subsidy Policy

I. Purpose

This document sets forth the business subsidy policy and specific criteria to be considered by Scott Township (the "Town") in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the Town to comply with Minnesota Statutes, Sections 116J.993-116J.995, as amended (the "Act"). The Town hereby adopts the definitions contained in the Act for application in the criteria. The Town has adopted this policy and these criteria after public hearing in accordance with the Act.

II. Goals and Objectives

It is the Town's intent to advance the following goals and objectives in granting business subsidies:

- a. All business subsidies must be consistent with Stevens County's comprehensive plan and any other similar plan or guide for development of the community.
- b. Recipients must enter into a subsidy agreement with the Town that is consistent with the Act. The recipient must meet a public purpose, commit to retain the business activities at the site for five (5) years after the benefit date, meet a specific wage floor (as defined in Section III(c) hereof), and must set and meet wage and job goals, unless the public purpose is not employment, in which case after a public hearing, wage and job goals may be set at zero but the agreement must specify other tangible goals consistent with this policy.

III. Business Subsidy Criteria

Every business subsidy recipient must meet a public purpose, which may include, but not be limited to, enhancing economic growth, creating high quality job growth, and increasing the tax base. The following criteria shall be utilized in evaluating a request for a business subsidy, although meeting these criteria does not create a contractual right to a business subsidy, and the Town may later modify these criteria, as permitted by the Act.

- a. *Economic Growth.* The Town will consider the extent and long-term nature of the potential economic growth generated by a proposed subsidy.
- b. *Increase in Tax Base.* While it is not the sole ground for granting a business subsidy, the Town gives a strong preference to proposed subsidies that increase the tax base.
- c. *Jobs and Wages.* Except as provided herein, every business subsidy recipient must create or retain the maximum number of jobs feasible for the proposed project and site, and these jobs must pay as a specific wage floor at least 110% of the current federal poverty level for a family of four. The jobs created may include jobs to be retained, but only if job loss is specific and demonstrable. The goals may also specify wage goals

- (2) The proposed subsidy must result in improvements to public infrastructure or public facilities, including without limitation streets, sewers, storm sewers, streets, parks, recreational facilities, and other Town facilities; or
- (3) The proposed subsidy must remove physical impediments to development of land, including without limitation poor soils, bedrock conditions, steep slopes, or similar geotechnical problems.

e. *Economic or Redevelopment.* Business subsidies should promote one or more of the following goals within the Town:

1. Create higher paying jobs, jobs with better than prevalent benefits, or jobs with good opportunities for career advancement and training;
2. Provide significant economic impact by attracting other businesses, jobs, or investment;
3. Encourage economic and commercial diversity, including the range of goods and services available;
4. Contribute to commercial development within a specific area;
5. Provide basic goods and services;
6. Encourage fast-growing business;
7. Promote redevelopment objectives and removal of blight;
8. Remediation of pollution;
9. Promote the retention or appropriate reuse historically or architecturally significant buildings; or,
10. Fully utilize existing or planned infrastructure improvements.

The Town may deviate from these criteria in granting business subsidies if the reasons for the deviation are documented in writing and reported to the Department of Employment and Economic Development, pursuant to the Act.

IV. Compliance and Reporting Requirements

- a. The Subzone Administrator shall be the Clerk of the Township.
- b. A public hearing is required for every business subsidy granted by the Town that exceeds \$100,000, or for which a hearing is otherwise required by the Act or other laws. Every business subsidy must be approved by the Town Board.
- c. Every recipient of a business subsidy must enter into a business subsidy agreement fulfilling the requirements of the Act.
- d. Both the business subsidy recipient and the Town must comply with the reporting and monitoring requirements of the Act.
- e. If a business subsidy recipient fails to meet the goals set forth in the business subsidy agreement within two years, the business subsidy assistance plus interest must be paid back to the Town, provided that repayment may be prorated to reflect partial fulfillment of the goals. Interest must be set at no less than the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce, whichever is higher.
- f. The Town may, after a public hearing, extend the time for compliance with business subsidy job and wage goals by up to one (1) year.

V. Application Process for Business Subsidies

The applicant will complete on application forms provided by the Town, along with the non-refundable application fee to cover legal and consultant's costs based on the type of subsidy, and provide other information as requested by the Town.

- a. Town staff and the Town's consultants shall review the application materials and make preliminary recommendations to the Economic Development Authority and Town Board as to the compliance of the application and proposed project with the business subsidy policy and the goals and criteria set forth herein.
- b. Final evaluation of the application shall include, in addition to items subject to preliminary review, a review of applicable credit analysis, financial structuring and legal compliance. A formal recommendation shall then be made to the Town Board.
- c. After review of the final evaluation and formal recommendation, the Town Board shall hold the appropriate public hearings, if they have not been held, and consider final approval of the granting of the business subsidy. All business subsidy agreements are subject to approval by the Town Board in accordance with the Act.
- d. Application and supporting materials shall become the property of the Town.

This Business Subsidy Policy was adopted by the Town Board on June 26, 2007. A copy of this Policy must be sent to the Minnesota Department of Employment and Economic Development.